

Community resources

[Follow us on Twitter](#) [Check our Reddit](#) [Twitter this](#) [Digg this page](#) [Contact us on IRC](#)

courage is contagious

Viewing cable 09ROME504, ENI WANTS TO TALK TO USG ABOUT ITS PLANS TO SIGN

If you are new to these pages, please read an introduction on the [structure of a cable](#) as well as how to [discuss them](#) with others. See also the [FAQs](#)

Understanding cables

Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this [WikiSource](#) article as reference.

Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g. **#09ROME504**.

Reference ID	Created	Released	Classification	Origin
09ROME504	2009-05-05 15:19	2011-08-30 01:44	CONFIDENTIAL	Embassy Rome

Appears in these articles:

<http://www.mcclatchydc.com/2011/05/16/114269/wikileaks-cables-show-oil-a-major.html>

VZCZCXRO6608
PP RUEHBC RUEHDE RUEHDIR RUEHKUK RUEHRN
DE RUEHRO #0504/01 1251519
ZNY CCCCC ZZH
P 051519Z MAY 09
FM AMEMBASSY ROME
TO RUEHC/SECSTATE WASHDC PRIORITY 2024
INFO RUCNIRA/IRAN COLLECTIVE PRIORITY
RUEHSS/OECD POSTS COLLECTIVE PRIORITY
RUEHAK/AMEMBASSY ANKARA PRIORITY 3322
RUEHGB/AMEMBASSY BAGHDAD PRIORITY 0390
RUEHKB/AMEMBASSY BAKU PRIORITY 0123
RUEHBUL/AMEMBASSY KABUL PRIORITY 0491
RUEHFL/AMCONSUL FLORENCE PRIORITY 3609
RUEHMIL/AMCONSUL MILAN PRIORITY 0021
RUEHNP/AMCONSUL NAPLES PRIORITY 3798
RUEHBS/USEU BRUSSELS PRIORITY 4817

C O N F I D E N T I A L SECTION 01 OF 02 ROME 000504

SIPDIS

EEB FOR DAS HENGEL; EUR FOR DAS BRYZA; DOS FOR SPECIAL
ENVOY FOR EURASIAN ENERGY RICHARD MORNINGSTAR

E.O. 12958: DECL: 05/05/2019

TAGS: [ENRG](#) [EPET](#) [ETTC](#) [IR](#) [IT](#)

SUBJECT: ENI WANTS TO TALK TO USG ABOUT ITS PLANS TO SIGN
OIL MOU WITH IRAN

REF: A. A) STATE 31399 B) ROME 431 C) 08 STATE 53922 D)
08 ROME 525
B. E) 08 ROME 451 F) 07 STATE 16018

ROME 00000504 001.2 OF 002

Classified By: Classified By: CDA Elizabeth Dibble for reasons 1.4 b an
d d

1. (C) Summary: Italian energy company ENI is seeking at least tacit USG approval for a memorandum of understanding that it wishes to sign with Iran. The MOU would be for a feasibility study to increase oil production from the Darquain field. ENI's CEO Paolo Scaroni will raise this issue with USG officials during a visit to Washington in the next few weeks. Scaroni sought USG approval for a similar MOU last year. A firm negative response from Washington stopped that initiative. ENI clearly wants to expand its operations in Iran, and given the change in U.S. Administrations, wishes to see if it can elicit a positive reaction from Washington on this oil MOU. End summary.

2. (C) ENI's Diplomatic Advisor Vincenzo De Luca and head of Public Affairs Leonardo Bellodi called on Post on April 28 to discuss the company's plans to sign an oil MOU with Iran. Bellodi said such an agreement will allow ENI to conduct a feasibility study for expanded development of the Darquain oil field from which the company obtains the majority of its Iran oil production. Bellodi told us that ENI wants to expand oil production from this field in order to increase the recovery of its prior investments (Note: The Iranians are apparently paying ENI in oil for work that ENI did on Iran's energy export infrastructure some years ago. Further, according to ENI's Fact Book, its total 2008 Iran oil production averaged 28 kbbl/d. Its main producing fields are South Pars phases 4 and 5 and the Darquain field, with the latter accounting for 91 percent of ENI's production in Iran. End note).

3. (C) De Luca stressed that while ENI will not undertake new projects in Iran until a change in the political situation allows it, the company will continue to honor its existing contracts there. With regards to these, he added that ENI's key interest is to recover the investments the company has made. In this respect, De Luca said ENI does not see anything wrong with going forward with the proposed MOU as it believes that it fits in the framework of fulfilling its existing contracts in Iran. He clarified that the company intends for the MOU to be signed by its country representative in Iran, but acknowledged our concerns that Iran would use the occasion as another propaganda opportunity.

4. (C) Although ENI reps said the company is not under pressure from Iran to sign such an MOU, De Luca stated that ENI believes its interest in protecting its investments will not be taken seriously by Iran if it does not conduct more development activities of the Darquain field. He added that German and French energy companies' activities with Iran are more aggressive than ENI's, and that this is also putting pressure on the company. De Luca shared with Econ Offs an April 27, 2009 press article in which a senior official from Iran's Continental Shelf Oil Company announced the signing of a 32 million Euro agreement with French Total on the Dorud oil field. According to the article, the agreement would ensure operational support and production at this field by Total. De Luca portrayed ENI as the most consistent of European countries in terms of keeping a low profile in Iran. In contrast, he highlighted recent visits there by high level German and French officials, and said Germany had approved 30 million Euros in export insurance credits for its domestic companies doing business with Iran.

5. (C) De Luca and Bellodi stressed the company's willingness to be transparent and to keep the USG apprised

of its intentions with Iran. As an example, they noted that while ENI was interested in Iran's South Pars 19, 20, and 21 blocks, it desisted after CEO's Scaroni's May 2008 trip to Washington revealed USG opposition (Ref D). De Luca said ENI would now like to schedule a follow-up visit to Washington to more directly discuss its plans for the MOU and its broader activities in Iran. He explained the company is contemplating a pre-visit by himself and Bellodi for senior working-level meetings with the USG, to be followed by a visit by CEO Scaroni for more high-level discussions. De Luca asked for Post's advice on this approach and for confirmation of dates. He said that, if possible, ENI is interested on a trip to Washington as early as the week of May 11 but no later than June 18.

16. (C) Comment: Post thinks there are good reasons for USG skepticism on this request. ENI has been anxious to expand its Iran operations for many years and would probably portray any positive reaction from Washington as a green light for expansion. Scaroni visits Washington each spring in an effort to gauge USG sentiment about his company's relationships with its problematic partners in Iran and Russia. (See Reftels). Last year, Scaroni got a very firm negative response from Under-Secretaries Jeffery and Levey. This year, ENI appears to be hoping to get a different response from the new administration. Given USG plans to try a new approach with Iran, ENI may believe that there is room to maneuver. Post reminded ENI of ongoing international efforts to pressure the Iranian regime to suspend its nuclear enrichment program, and we noted that the Iranians would likely seize on any MOU with ENI as additional evidence that the pressure has subsided and that business as usual is proceeding.

17. (C) Comment continued. ENI's actions also contradict its "official position" that it does not plan to undertake new projects in Iran. Per reftel A, one of its subsidiaries (Polimer Europa) has a part in a bigger contract to build an Iranian petrochemicals plant. Just four weeks ago we demarched ENI on this specific contract and told the company of continued USG opposition to such new deals with Iran (reftel B). We have not heard from ENI that Polimer Europa will give up its Iranian contract. In addition, its 2008 Fact Book states that it is already undertaking additional development of the Darquain field. It describes upgrading activities of this field such as drilling of additional wells and gas injection with the aim of increasing production from 100 kbbl/d to 160 kbbl/d (14 kbbl/d accrue to ENI). Despite ENI's portrayal of its proposed MOU as linked to prior Iran investments, it smells, walks and quacks like a new project. End comment.
DIBBLE